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October 6, 2009

To the Commissioners of the
Metropolitan Transportation Commission

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission ("MTC") which collectively comprise MTC's basic financial statements for the year ended June 30, 2009, we considered MTC's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements. As part of our audit, we evaluated MTC's system of internal accounting control, to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Although our audit was not designed to provide assurance on the internal control structure, we noted certain matters involving the internal control structure and its operation, and are submitting for your consideration related recommendations designed to help MTC make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to MTC.

We have included in this letter a statement on communications with the Audit Committee of MTC as required by professional auditing standards.

This communication of matters includes only those audit matters of governance interest that have come to our attention as a result of the performance of the audit. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

The accompanying report is intended solely for the information and use of the Audit Committee, the Commissioners, management and others within MTC.

We appreciate the opportunity serve you and MTC. Should you have any questions or comments, please contact Ian Fleming at (415) 498-7462. We look forward to being of future service to you and MTC.

Yours truly,

PricewaterhouseCoopers LLP

Mgt.
11/20/09

Table of contents

I. Required communications to the Audit Committee

Auditor's responsibility under generally accepted auditing standards

The audit of MTC's government-wide financial statements as of and for the year ended June 30, 2009 was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. The objective of an audit is the expression of opinions concerning whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of MTC, at June 30, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As part of our audit, we considered MTC's internal control structure, as required by auditing standards generally accepted in the United States of America and Government Auditing Standards, for the purpose of establishing a basis for determining the nature, timing, and extent of auditing procedures necessary for expressing our opinion concerning the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MTC's internal control over financial reporting.

Our audit included procedures designed to provide reasonable assurance of detecting errors, fraud and noncompliance with the provisions of grants and contracts that are material to the financial statements. However, there are inherent limitations in the auditing process. For example, audits are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that such matters, if they exist, may not be detected. Also, because of the characteristics of fraud, including attempts at concealment through collusion and forgery, a properly designed and executed audit may not detect material fraud.

Similarly, in performing our audit we were aware of the possibility that illegal acts may have occurred. However, it should be recognized that our audit provides no assurance that illegal acts generally will be detected and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statement amounts will be detected.

Significant accounting policies and unusual transactions

Accounting policies

MTC's accounting policies, as applied in its financial reporting, and the methods used in the development of estimates were consistently applied when compared with policies and methods used in the prior year.

Disclosure of MTC's accounting policies, including critical accounting policies, is set forth in the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2009. These disclosures appear reasonably clear and complete and we have no objections as to the quality of those principles used by the Organization. We do not take exception to any of the policies and practices used by management.

Alternative accounting treatments

In May 2009, BATA repurchased their 2008 Series A-1 bonds for $110 million. Subsequent to year-end, in August 2009, BATA successfully reoffered these bonds to the market. Management, in consultation with the GASB staff, has determined that gross presentation of the bonds as an investment and long term debt is appropriate during the period that the bonds were held by BATA. We recommend that a more appropriate presentation would be to record the transaction as an extinguishment and present BATA's long term debt net of the repurchased bonds. Due to the successful reoffering of the bonds after year-end, we do not take exception to management's chosen presentation.

Adoption of new accounting standards

GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires derivative instruments to be recorded on the Statement of Net Assets at fair value and requires specific disclosures related to the entity's derivative objectives and transactions. Prior to this standard, derivative instruments held by the entity were only disclosed in the footnotes to the financial statements. The recording of the change in fair value since the prior period depends on whether the derivative is considered to effectively hedge to reduce identified financial risk. If the derivative is considered to be an 'effective' hedging instrument, based upon allowable methods included in the standard, the change is included as a deferred inflow or outflow on the Statement of Net Assets. Otherwise, the derivative is considered to be an investment derivative instrument and the changes in fair value are recognized in investment revenue in the Statement of Activities.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount reported as fund balance but has substantially changed the categories and terminology used to describe its components.

Unusual transactions

There are no unusual transactions noted in the current year.

Management's judgments and critical accounting estimates

Management makes a variety of judgments and estimates with the assistance of external specialists. These include computing the liability for MTC's employer defined other postemployment benefit plan (OPEB) and computing the fair values of financial instruments, including derivative instruments. Based on the results of our audit procedures, we concluded that management's estimates and judgments were reasonable and were in accordance with established policies.

Audit adjustments

This section of the report identifies all adjustments proposed as a result of the audit and booked by management. None of these adjustments were considered to be significant to the individual fund or government-wide financial statements.

- An adjustment was booked to reverse an entry which changed the ending fund balance of the prior year for both the STA and the Non-Major Special Revenue Funds in the amount of $9,413,720. The funds in question are part of a $9.8 million award obtained from the State of California in fiscal 2008 as a result of the passage of Proposition 1B. Upon receipt of the funding in the prior year, MTC recorded the amount as revenue for STA. In fiscal 2009, when it was determined that the funding would be used towards the Hub Sign project, MTC recorded this as an adjustment to the 2009 beginning fund balance for both the STA Fund and the Proposition 1B Special Revenue Fund, rather than a transfer between the two funds in 2009. In accordance with GASB 34, the transfer of funds should be adjusted as a Transfer In for the Proposition 1B Special Revenue Fund and a Transfer Out for the STA Fund. PwC proposed the adjustment and the entry was subsequently booked by management.
- An adjustment was booked to revise the year-end fair value of certain swaps held by MTC at June 30, 2009 in the amount of $4,523,121. The adjustment is of a balance sheet nature and had the effect of increasing the long-term swap liability and increasing the corresponding deferred outflow. Derivative instruments are recorded at fair market value. There is no publicly traded market for these derivative instruments from which to determine a fair market

value, thus derivative specialists compute the fair value based upon assumptions about how the underlying terms of the derivatives are impacted by current market conditions. Some of the assumptions used in the initial valuation were revised by management's valuation service provider to be more consistent with those assumptions used by others in the industry, including the counterparty of the derivatives. PwC proposed the adjustment and the entry was subsequently booked by management. There was no impact to change in net assets of BATA at June 30, 2009.

- An adjustment was booked to the STA fund in the amount of $343,055 to appropriately record the return of unused funds from an agency as revenue in accordance with GASB 33, Nonexchange Transactions. A return of grant funding due to the expiration of grant terms, such as time restrictions placed upon use of the funds, should be recorded as gross revenue and not as a credit to expense. PwC proposed the adjustment to increase local agency revenue and expense and the entry was subsequently booked by management. There was no impact to change in fund balance of the STA funds at June 30, 2009.

Summary of unadjusted differences

There were two unadjusted audit differences for the year ended June 30, 2009. The level at which we track adjustments varies from fund to fund and ranges from $6,800 for SAFE to $243,250 for the Bay Area Toll Authority.

- There was $927,870 in legal fees which were incurred prior to year-end related to the upcoming bond offering which were not recorded as a liability at June 30, 2009. Upon successful offering of the bonds these fees will be capitalized and amortized to expense over the life of the bonds. Were the adjustment booked it would have resulted in an increase in capitalized bond issuance costs with a related increase in accounts payable. Management has determined that this amount is neither quantitatively or qualitatively material to the BATA fund nor the government-wide position. We do not take exception to this assessment.
- There was an allocation of $95,930 from the General Fund to BATA and SAFE associated with the prefunded portion of the OPEB required contribution. Due to the prefunding, this amount had already been expensed to the General Fund in the prior year and should not be allocated to BATA and SAFE in the current year. This entry reverses the allocation from the General Fund to BATA and SAFE. Were the adjustment booked, it would have resulted in an increase in payroll and benefits expense of $95,930 to the General Fund, an $81,398 and $14,531 decrease in payroll and benefits expense to BATA and SAFE, respectively.

Potential effect on the financial statements of any significant risks and exposures

Management has disclosed commitments and contingencies in Note 10 of the Comprehensive Annual Financial Report ("CAFR") and we are not aware of any additional items that could have a material adverse effect on the financial statements for the year ended June 30, 2009.

Material uncertainties related to events and conditions that may cast doubt on the ability to continue as a going concern

We noted that MTC has a net asset deficit, however management concluded and we concurred that there is no going concern issue. The deficit is addressed in Note 2 of the CAFR and is a function of the timing of BATA's expenditures to Caltrans for bridge repairs, maintenance and capital projects - which are all expensed, since the bridges are the property of the State of California.

Significant deficiencies and material weaknesses

In planning and performing our audit, we considered MTC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Statement on Auditing Standards No. 112, Communicating Internal Control Related Matters Identified in an Audit, includes the following definitions of a deficiency, a significant deficiency and a material weakness:

- Deficiency— a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.
- Significant deficiency— a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.
- Material weakness— a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

We did not become aware of any material weaknesses pertaining to the year ended June 30, 2009.

Other information in documents containing audited financial statements

Our responsibility with respect to other information in documents containing audited financial statements is to read the information and consider whether the information or the manner of its presentation is materially inconsistent with information appearing in the basic financial statements.

The audited financial statements are included in the CAFR. We have read the MD&A and the other financial information contained in the CAFR and have considered whether its content or manner of presentation is materially inconsistent with the financial information covered by our report or whether it contains a material misstatement of fact.

Based on our reading, we noted no instances of inconsistent content or presentation or material misstatement of fact.

Disagreements with management

During our audit, we received full cooperation from management and had no disagreements about matters that individually or in the aggregate were significant to the Company's financial statements, the effectiveness of internal control or our audit report.

Consultation with other accountants

Management has advised us that they have not consulted with other accounting firms regarding any significant accounting or auditing matters in 2009.

Significant issues discussed, or subject to correspondence, with management prior to retention

There were no issues discussed, or subject to correspondence, with management in connection with the reappointment of PricewaterhouseCoopers LLP as independent auditors for fiscal 2009.

Significant difficulties encountered during the audit

No difficulties were encountered while performing the audit that require the attention of the Audit Committee.

Fraud and illegal acts

No fraud or illegal acts involving senior management, or that would cause a material misstatement to the financial statements, came to our attention as a result of our auditing procedures.

Independence

We confirm our independence of the Metropolitan Transportation Commission as of October 2, 2009.

Our quality control processes are established to ensure our continuing independence.

Related party transactions

Management uses an informal process to identify related party transactions. As presented in the CAFR, BATA advances pledged revenues to BAIFA and provides additional administrative services to BAIFA at no charge. In addition, MTC's relationship with RAFC is discussed in Note 12 of the CAFR. There were no other related party transactions identified by management for the 2009 fiscal year.

Transparency in reporting

As discussed in our communications plan, we planned to report to you our views on the transparency of financial reporting used by MTC. Transparency can be evaluated based upon, among other items, the clearness of disclosures, the adherence to the spirit of required disclosures, rather than meeting the minimum required, as well as the structuring of transactions, or lack thereof, to achieve particular accounting results.

Although there are no objective standards by which transparency may be evaluated, we believe that MTC has made appropriate disclosures in its financial statements, consistent with materiality standards, and that these disclosures are clear.

Other matters

No other matters noted in the current year.

II. Current year recommendations

A. Business process controls

1. Capital assets

Observation

There is no formal procedure in place for the identification and retirement from the accounting records of Capital Assets that are removed from service during the year.

Impact

Capital Assets, which are shown on a net basis in the Statement of Net Assets, would be overstated if items are removed from service that are not fully depreciated. If fully depreciated capital assets have been removed from service but still included in the accounting records, the gross Capital Assets would be overstated, which are disclosed on a gross basis in Note 4 of the CAFR.

Recommendation

We recommend that a procedure be established whereby each year an analysis is performed to ensure capital assets are removed from the entity's accounting records once taken out of service. This should be through review by appropriate project managers. This analysis should include all fully depreciated capital assets to ensure that they are still in use by the entity.

Management's response

Management will develop and adopt formal procedures in the next fiscal year.

2. Identification of liabilities at year-end

Observation

MTC does not currently have a policy or procedure whereby project managers are required to review their projects after year-end and create an inventory of all invoices and requests for payments that are expected to be received post year end but relate to work performed before year end. Accounting personnel spend a significant amount of time and effort after year-end in order to gather and record liabilities related to the prior year.

Impact

In addition to the additional resources required to post late entries and follow-up with project managers, the lack of a procedure or policy to address completeness of the invoice accruals subjects MTC to the risk that the year end accruals may be incomplete.

Recommendation

Policy and procedures should be established such that project managers should review their projects after year-end and create an inventory of all invoices and requests for payments that should be received. Follow-up should be done with these vendors or other entities. Project managers should submit a confirmation to accounting once all invoices have been received. In order to facilitate this process, we recommend that project managers be trained in the importance of reporting all liabilities to finance in a timely manner.

Management response

Finance will review the existing procedures and develop additional procedures before the next fiscal year-end close.

3. Fair value of derivative instruments

Observation

Derivative instruments are required to be recorded at fair value. Because the swaps that management enters into in order to hedge the risk of interest rate fluctuations are not publicly traded, fair value must be calculated through mathematical models.

Impact

Differences in assumptions used in the calculation to determine fair value affects the amount of the derivative instruments recorded in the financial statements.

Recommendation

Management should reconcile the values calculated by the counterparties of the swaps to the values calculated by the derivative specialist hired by management (PFM). Management should understand the causes of significant variances in order to determine which valuation best approximates fair value at year-end.

Management response

Management will request year-end calculations from the counterparties and an independent valuation from PFM. Management will review the calculations and if the difference is material, management will reconcile and identify the differences to determine which approach best approximates the fair value of the derivative instrument (swap).

4. Recording of refunds from nonexchange transactions

Observation

Returns of unused funds from agency grants should be recorded as revenue when the terms or restrictions that exist under the grant expire.

Impact

The impact to the financial statements would be an understatement of revenues and expenses, although there is no impact to net assets.

Recommendation

In the future, management should map refunds from nonexchange transactions into the operating revenue section of the financial statements.

Management response

Management has corrected the above noted deficiency by remapping the GL account to the appropriate line in the financial statements.

5. Prospective observation: Controls relating to stimulus funds

Observation

Although no federal stimulus funds were received and expended by MTC during fiscal year 2009, MTC is expecting to receive and expend ARRA funding during the 2010 fiscal year. Attached to the ARRA funding are additional reporting and compliance requirements that must be followed as these funds are expended.

Impact

MTC would have to repay stimulus funds if all the criteria are not met, potentially jeopardizing the project.

Recommendation

Management should review and become familiar with the additional requirements associated with ARRA funded projects and establish appropriate controls to ensure compliance with those requirements. Currently, the most recent guidance available can be found in Addendum #1 to the OMB A-133 2009 Compliance Supplement. The specific requirements may vary based on the grant programs received, however, there are some general issues to consider, including:

1. Grants received through ARRA funding have to be separately reported. Even if the funding is received under the same CFDA # of non-ARRA funded grants, the reporting needs to be performed separately. Therefore, a system of controls should be set up to ensure that ARRA funds and non-ARRA funds are segregated.
2. Procurement Suspension and Debarment - There are certain requirements associated with the construction of public buildings. If MTC becomes involved in those activities, even as a pass-through entity, management should be aware of the addition requirements and ensure they are included in the contract terms.
3. Reporting – There may be some new reporting elements required, including job created or retained, names of total compensation for the 5 most highly compensated officers, and subaward data. These new reporting requirements are generally going to be quarterly reporting requirements. Management should ensure that they are apprised of the specific reporting requirements.
4. Subrecipient Monitoring – MTC may be required to communicate to first-tier subrecipients the requirement to register in the Central Contractor Registration. MTC will be required to communicate to subrecipients at the time of the sub-award the Federal Award Number, CFDA Number, and the amount of ARRA funds. MTC will also be required to include in the contracts the need for subrecipients to separately report ARRA funded expenditures in their A-133 reports.

There may be changes in the requirements as the guidance evolves. Management should review the addendum to the compliance supplement, any updated communications from the OMB with respect to ARRA regulations, and the specific regulations noted in award documentation to ensure compliance with all applicable requirements.

Management response

For fiscal 2010, MTC has received an ARRA grant from San Francisco Municipal Transportation Authority (SFMTA) for $11,000,000. Management will review the CO-OP agreement with SFMTA and new ARRA requirements and develop appropriate procedures.

B. Information technology general controls

See status of Prior Year Recommendations, below.

III. Status of prior year recommendations

A. Business process controls

1. BATA accounts receivable allowance analysis

Observation

There is limited historical data to analyze violations accounts receivable history; as such, the allowance for violation tolls is not based on a history of collections. However, the history of collections only covers a short time period due to the implementation of the collections program.

Impact

The accounts receivable allowance for violation tolls is based on an estimate, but the Company does not have an analysis to determine if the allowance is reasonably accurate based on a history of collections. The accounts receivable allowance for violation tolls may be based on a recovery assessment that is not reflective of collection history.

Recommendation

We recommend that a procedure be established whereby an analysis is performed over violation toll collection history so as to ensure that the estimated allowance is based on historical collection trends.

Management's response

Management used the accumulated historical data to determine the accrual for fiscal 2009. Management will continue to accumulate collection data and use this methodology in the future.

Update for 2009

This comment is closed.

2. A-133 questioned cost

Observation

OMB Circular A-87, Attachment B, reference 8(h) stipulates a number of required supports for personal compensation costs charges to a grant. MTC employees report their activities directly to Ceridian and those time cards are reviewed by management. The grants are charged based on the time codes charged on the time cards. In reviewing the personnel compensation cost selections for charged time in October 2007, the Ceridian Payroll Registers did not agree to the journal entries posted for compensation costs. These postings are utilized in the calculations to determine charges to the grant for Salaries, Benefits, and Indirect Costs. For the pay period ended October 17, 2007, the hours charged to specific time codes were not accurately mapped from the Ceridian data into the General Ledger.

Impact

An analysis was performed to determine the total impact of the error. Based on the calculation performed, grants issued under CFDA 20.205 were overcharged a total of $20,614. Based upon our expanded testing, we noted no additional questioned costs.

Recommendation

A flat file from Ceridian is manipulated before the data is entered into the general ledger. Having a manual process in place to perform this procedure leaves this process susceptible to errors such as the one encountered. We recommend a review of the process be performed to develop a more automated method for mapping the Ceridian data into the general ledger. Further, reconciliation should be performed and reviewed by an independent individual at the work item level to determine that the mapping has been performed appropriately.

Management's response

This error was corrected prior to year-end 2008 so that only eligible expenses were billed to the grant.

Update for 2009

The above process was implemented by management and tested by PwC without exception in fiscal 2009. This comment is closed.

3. Implementation of an anti-fraud program

Observation

The recent issuance of SAS No. 112 "Communicating Internal Control Related Matters Identified in an Audit" has conformed the evaluation standards of control weaknesses of private companies and organizations with those of public companies subject to Sarbanes-Oxley and PCAOB audit standards. The Executive Office should take the lead and promulgate and initiate an environment that emphasizes fiscal responsibility, including an anti-fraud program.

Impact

The lack of a formal anti-fraud program increases the risk that fraud may go undetected.

Recommendation

We recommend that management consider implementing a formal anti-fraud program. Matters for management to consider in this regard may include stringent defined and documented hiring and promotion standards, an ethics/whistleblower hotline, a documented, comprehensive code of conduct, an investigation/remediation process and a periodic fraud risk assessment.

Management's response

Management contracted with an outside firm to establish a hotline and website for an antifraud program. This program was communicated to MTC employees by the Executive Office along with an Executive Director's Management Policy for a Whistleblower Protection Policy was circulated to all staff along with the hotline number for anonymous complaints.

Update for 2009

We noted that the risk assessment was completed and implemented during the year. This comment is closed.

B. Information and technology

1. Entity level controls

Observations

We noted that there is no standardized process of evidencing the weekly IT Status meetings such as keeping meeting minutes or sending out email notifications of topics discussed. These meetings include discussion of MTC network security which impacts significant spreadsheets and reports kept on MTC internal drives. In addition, there is no regular reporting of the meeting results to management.

Impact

The lack of documentation of the weekly IT status meetings may result in network security issues not being addressed and also precludes the auditor from reviewing the results the meetings.

Recommendations

Management should document the results of the IT status meetings, and communicate any significant issues to management.

Management's response

All events and actions that have impact on security are saved chronologically in an email folder and any major changes or troubleshooting activities also get recorded in the regular troubleshooting logs kept by the IT group. IT support staff has been trained to communicate any access/rights change event or other events that may have impact on security to the Sr. Manager – IT and take action only after getting an approval.

Update for 2009

The above process was implemented by management and tested by PwC without exception in fiscal 2009. This comment is closed.

2. Access to programs and data

Observations

- There is no regular or periodic review of privileged user activity on key financial applications.
- Bi-tech - password aging is disabled.
- FAS - passwords are only required to be two characters in length. Additionally, there are no complexity requirements or expiration dates.

Impact

The lack of regular periodic review of privileged users and weak password settings may not detect unauthorized access to financial data; which will affect the completeness, accuracy, and integrity of data.

Recommendations

- Management should implement a process to review system administrator activity on a regular basis, or document manual controls used to give comfort over the integrity of system data.

- Management should implement an automated process where the password settings are enforced by the key financial applications to support a strong password.

Management response

In May 2009, management has changed the password for the Bi-Tech users and will have the users change their passwords at least annually for all financial systems.

Update for 2009

The above process was implemented by management and tested by PwC without exception in fiscal 2009. This comment is closed.

3. Computer operations

Observations

Although the FAS and SymPro systems are on the network and are backed up daily, there is no documentation of the recovery and backup procedures for these two systems as management believes the procedures are simple and straightforward. In addition, IT does not periodically test to ensure that backed up key financial data for FAS and SymPro can be restored.

Impact

The lack of a formal back up policy and of the periodic testing of effectiveness of the restoration process may result in the loss of critical financial data in the case of business disruption, or a disaster.

Recommendations

- Management should have a formal back up policy in place, which also should be reviewed and updated on a periodic basis.
- Management should test the effectiveness of its restoration process on a periodic basis to ensure the effective restoration of critical data and the resumption of business in case of disruption or a disaster.

Management response

MTC has executed a project beginning in May 2009 to totally redesign the MTC data backup infrastructure and processes with the help of a systems integrator company – Cornerstone Technologies.

Update for 2009

No update to report.

4. Segregation of duties

Observations

Journal Entries: Supervisors have the ability to both initiate and post journal entries in Bi-tech as Segregation of Duties relating to initiating and posting journal entries is not enforced by the system.

Impact

The lack of appropriate segregation of duties presents a risk that unauthorized activities and transactions can occur and not be detected in a timely manner.

Recommendations

Where feasible, management should segregate the duties of initiating, approving and posting batches.

Management response

Supervisors have access to enter and post journal entries. By practice and procedure, journal entries of the initiating supervisor are reviewed and posted by another supervisor. Management has implemented a control whereby a report is generated and reviewed to confirm that entries are reviewed and posted by another supervisor.

Update for 2009

We will test the above control implemented by management next fiscal year and expect to close this comment.

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